

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	
v.)	
)	Violations: Title 18, United States Code,
RICHARD VIDOR and)	Sections 1341, 1346, and 2
ANIELLO IZZO)	

COUNT ONE

The SPECIAL AUGUST 2006-1 GRAND JURY charges:

1. At times material to this count:

a. Lawson Products, Inc. (“Lawson”) was a publicly traded company located in Des Plaines, Illinois, that sold products to various entities in the public and private sectors. Lawson’s products included hardware, tools, and chemicals. Lawson was the parent company of several subsidiaries. Lawson and its subsidiaries combined to generate approximately \$400 million in sales annually.

b. Lawson sold its products through sales agents. These sales agents generally were permitted by Lawson to negotiate with their customers over the prices their customers would pay for Lawson’s products. As a general rule, sales agents’ commissions were greater if they sold products at higher prices.

c. Until approximately December 15, 2005, Lawson maintained programs through which sales agents would provide items of value to employees of Lawson customers for purchasing Lawson products. As a general rule, sales agent could provide items of greater value to customers’ employees when those employees purchased more products and at higher prices on behalf of their employers.

d. Keogh, Inc. (“Keogh”) was a business located in Lake Bluff and Woodstock, Illinois, that administered a program for Lawson called “Winners Choice.” Under this program, Keogh issued checks made payable to the recipients and to retail stores designated by the recipients. Recipients could then use these checks to purchase items in the designated retail stores. There were several steps that occurred before Keogh would issue these checks:

- i. Cold Certificates. The first step was for sales agents to place orders for “cold certificates” from Lawson, which would then inform Keogh of the orders. The sales agents would designate the recipient, the mailing address, the number of cold certificates, and the denomination of the cold certificates. Although the cold certificates were limited to \$10 or \$25 increments, sales agents could order multiple cold certificates totaling far in excess of \$25 to be sent to a recipient.
- ii. Redemption of Cold Certificates. Next, Keogh would ship, via mail or courier, the cold certificates to the recipient at the designated address. Along with the cold certificates, Keogh sent a list of retail stores participating in the Winners Choice program. To redeem the cold certificates, the recipient would fill out an order form by selecting a retail store and the address where Keogh should send the check. The recipient then sent the order form back to Keogh through the mail or online.
- iii. Hot Certificates. Once the recipient had redeemed the cold certificates, Keogh mailed one or more checks, also known as “hot certificates,” to the recipient. While each check was written for \$50 or less, Keogh would mail multiple checks in one envelope if the total redemption of cold certificates exceeded \$50. The checks issued by Keogh would list two payees: (1) the individual recipient and (2) the retail store designated by the individual recipient. After receiving the hot certificate or certificates, the individual recipient could use the check at the designated retail store.

e. Defendant **RICHARD VIDOR** was a sales agent with Lawson and was responsible for selling products to Lawson customers located in the Chicago area.

f. The City of Chicago Heights was a municipality located in the Northern District of Illinois.

g. Defendant **ANIELLO IZZO** was a mechanic for the City of Chicago Heights Fire Department. In that capacity, **IZZO** was responsible for conducting maintenance and repair work on the City of Chicago Heights Fire Department's vehicles. As part of his duties as a mechanic, **IZZO** had the authority to request the City of Chicago Heights Fire Department to purchase items, including hardware, tools, chemicals, and solvents. Based on his position as a mechanic, **IZZO** owed a duty of honest services to the City of Chicago Heights, including a duty of undivided loyalty, free of conflict between his personal interests and the public interests of the City of Chicago Heights.

h. Individuals A, B, and C were employees for municipalities located in the Northern District of Illinois. As part of their duties, Individuals A, B, and C purchased items, including hardware, tools, chemicals, and solvents on behalf of their employer municipalities. Based on their positions, Individuals A, B, and C owed a duty of honest services to their employer municipalities, including a duty of undivided loyalty, free of conflict between their personal interests and the public interests of their employer municipalities.

i. **IZZO**, Individual A, Individual B, and Individual C, in their respective capacities, were each bound, pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-1 and 720 ILCS 5/33-3) by the following laws, duties, and policies:

- i. **IZZO**, Individual A, Individual B, and Individual C were each prohibited from receiving, retaining, and agreeing to accept any property or personal advantage which they were not authorized by law to accept, knowing that such property or personal advantage was promised or tendered with intent to influence the performance of any act related to the employment or function of any public officer or

public employee;

- ii. **IZZO**, Individual A, Individual B, and Individual C were each prohibited from soliciting, receiving, retaining, and agreeing to accept any property or personal advantage pursuant to an understanding that they shall improperly influence or attempt to influence the performance of any act related to the employment or function of any public officer or public employee;
- iii. **IZZO**, Individual A, Individual B, and Individual C were each prohibited from soliciting and knowingly accepting, for the performance of any act, a fee or reward which they knew was not authorized by law.

2. Beginning no later than in or about 1994 and continuing until at least in or about April 2006, at Chicago Heights, Woodstock, and Lake Bluff, in the Northern District of Illinois,

**RICHARD VIDOR and
ANIELLO IZZO,**

defendants herein, together with Individuals A, B, and C, and others known and unknown to the Grand Jury, devised and intended to devise, and participated in, a scheme and artifice to defraud Chicago Heights and other municipalities of money, property, and the intangible right to the honest services of their employees, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises, as further alleged herein.

3. It was part of the scheme that **VIDOR** offered and agreed to provide **IZZO**, Individual A, Individual B, and Individual C with Winners Choice checks in order to induce them to purchase, and to reward them for purchasing, merchandise such as hardware, tools, and chemical solutions, from Lawson on behalf of their employer municipalities.

4. It was further part of the scheme that after **IZZO**, Individual A, Individual B, and Individual C purchased merchandise from Lawson, **VIDOR** ordered Winners Choice cold certificates for **IZZO**, Individual A, Individual B, and Individual C from Keogh through Lawson. As a general rule, **IZZO** ordered a larger amount of Winners Choice cold certificates for **IZZO**, Individual A, Individual B, and Individual C when they caused their municipalities to make purchases of a greater dollar value from **VIDOR**.

5. It was further part of the scheme that in ordering Winners Choice cold certificates through Lawson, **VIDOR** misrepresented the employment of **IZZO**, Individual A, Individual B, and Individual C to make it appear that **IZZO**, Individual A, Individual B, and Individual C were employees of private, rather than government, entities.

6. It was further part of the scheme that **VIDOR** caused Keogh to mail Winners Choice cold certificates and checks to the home addresses of **IZZO**, Individual A, Individual B, and Individual C to conceal from their employers the fact that **VIDOR** had provided items of value to **IZZO**, Individual A, Individual B, and Individual C.

7. It was further part of the scheme that **IZZO**, Individual A, Individual B, and Individual C redeemed the Winners Choice cold certificates and caused Keogh to mail checks back to them.

8. It was further part of the scheme that **IZZO**, Individual A, Individual B, and Individual C used the Winners Choice checks to purchase items for their own use.

9. It was further part of the scheme that after Lawson discontinued the Winners Choice program in or about December 2005, **VIDOR** attempted to provide other things of value, namely gift cards, to **IZZO** in order to induce **IZZO** to purchase, and reward **IZZO** for purchasing, Lawson

products for the Chicago Heights fire department in or about April 2006. Unbeknownst to **VIDOR**, **IZZO** was cooperating with law enforcement at the time **VIDOR** attempted to provide these gift cards to **IZZO**.

10. It was further part of the scheme that **IZZO**, Individual A, Individual B, and Individual C misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the aforementioned scheme.

11. As a result of the scheme, **VIDOR** obtained substantial commissions on sales to Chicago Heights and other municipalities, and fraudulently provided:

- a. **IZZO** with approximately \$3,840 to which he was not entitled;
- b. Individual A with approximately \$2,600 to which he was not entitled;
- c. Individual B with approximately \$3,600 to which he was not entitled;
- d. Individual C with approximately \$1,500 to which he was not entitled.

12. On or about January 31, 2003, at Chicago Heights, in the Northern District of Illinois, Eastern Division,

**RICHARD VIDOR and
ANIELLO IZZO,**

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to **IZZO** containing approximately \$500 worth of Winners Choice certificates, addressed to **IZZO's** home address in the Chicago Heights, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT TWO

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 20, 2005, at Chicago Heights, in the Northern District of Illinois, Eastern Division,

**RICHARD VIDOR and
ANIELLO IZZO,**

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to **IZZO** containing approximately \$200 worth of Winners Choice certificates, addressed to **IZZO's** home address in Chicago Heights, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT THREE

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about November 28, 2005, at Chicago Heights, in the Northern District of Illinois, Eastern Division,

**RICHARD VIDOR and
ANIELLO IZZO,**

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to **IZZO** containing approximately \$200 worth of Winners Choice certificates, addressed to **IZZO's** home address in Chicago Heights, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT FOUR

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about August 15, 2002, at New Lenox, in the Northern District of Illinois, Eastern Division,

RICHARD VIDOR,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to Individual A containing approximately \$100 worth of Winners Choice certificates, addressed to Individual A's home address in New Lenox, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT FIVE

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 9, 2003, at New Lenox, in the Northern District of Illinois, Eastern Division,

RICHARD VIDOR,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to Individual A containing approximately \$75 worth of Winners Choice certificates, addressed to Individual A's home address in New Lenox, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT SIX

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.
2. On or about June 12, 2003, at Tinley Park, in the Northern District of Illinois, Eastern Division,

RICHARD VIDOR,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to Individual B containing approximately \$100 worth of Winners Choice certificates, addressed to Individual B's home address in Tinley Park, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT SEVEN

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.
2. On or about June 21, 2005, at Tinley Park, in the Northern District of Illinois, Eastern Division,

RICHARD VIDOR,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to Individual B containing approximately \$100 worth of Winners Choice certificates, addressed to Individual B's home address in Tinley Park, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT EIGHT

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about November 25, 2003, at Tinley Park, in the Northern District of Illinois, Eastern Division,

RICHARD VIDOR,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to Individual C containing approximately \$120 worth of Winners Choice certificates, addressed to Individual C's home address in Tinley Park, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT NINE

The SPECIAL AUGUST 2006-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 13 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.
2. On or about April 8, 2005, at Tinley Park, in the Northern District of Illinois, Eastern Division,

RICHARD VIDOR,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service according to the directions thereon, an envelope to Individual C containing approximately \$100 worth of Winners Choice certificates, addressed to Individual C's home address in Tinley Park, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

FORFEITURE ALLEGATIONS

The SPECIAL AUGUST 2006-1 GRAND JURY further alleges:

1. The allegations contained in Counts One through Nine of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of their violations of Title 18, United States Code, Sections 1341, as alleged in Counts One through Nine,

**RICHARD VIDOR and
ANIELLO IZZO,**

defendants herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offenses.

3. The interests of the defendants subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to:

a. approximately \$98,122, which represents all proceeds, including commissions, that defendant **VIDOR** received from selling merchandise to the municipalities;

b. approximately \$3,840, which represents all proceeds, including Winners Choice checks, that defendant **IZZO** received from purchasing merchandise from **VIDOR** on behalf of Chicago Heights;

4. If any of the property subject to forfeiture and described above, as a result of any act

or omission of the defendants:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or
- e. Has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY